

Senate Study Bill 3188

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act creating a small business and school district health care
2 reinsurance program for certain health care claims and making
3 an appropriation.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5786XL 81
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1 1 Section 1. NEW SECTION. 513B.13A SMALL BUSINESS AND
1 2 SCHOOL DISTRICT HEALTH CARE REINSURANCE PROGRAM.
1 3 1. DEFINITIONS.
1 4 As used in this section, unless the context otherwise
1 5 requires:
1 6 a. "Fund" means the small business and school district
1 7 health care reinsurance fund.
1 8 b. "Qualified carrier" means a carrier, as defined in
1 9 section 513B.2, or a self-insurance plan for accident and
1 10 health insurance for a school corporation as provided in
1 11 section 509A.14, that meets the requirements contained in
1 12 subsection 4.
1 13 c. "School district group health insurance plan" means a
1 14 group health insurance plan that provides health insurance
1 15 coverage for employees of a school district, including plans
1 16 authorized under chapter 509A.
1 17 d. "Small business" means a person actively engaged in
1 18 business who, on at least fifty percent of the business's
1 19 working days during the preceding year, employed not less than
1 20 two and not more than twenty-five full-time equivalent
1 21 eligible employees. In determining the number of eligible
1 22 employees, businesses which are affiliated businesses or which
1 23 are eligible to file a combined tax return for purposes of
1 24 state taxation are considered one business employer.
1 25 e. "Small business group health insurance plan" means a
1 26 group health insurance plan that provides health insurance
1 27 coverage for employees of a small business.
1 28 2. REINSURANCE FUND.
1 29 a. A small business and school district health care
1 30 reinsurance fund is created as a separate fund in the state
1 31 treasury under the control of the commissioner of insurance.
1 32 b. The treasurer of state shall act as custodian of the
1 33 fund and shall disburse amounts contained in the fund as
1 34 directed by the commissioner.
1 35 c. The commissioner shall keep accounts in relation to the
2 1 appropriation of moneys to the fund and all amounts of
2 2 approved vouchers for reimbursements to qualified carriers
2 3 chargeable to the fund.
2 4 3. REINSURANCE PROGRAM.
2 5 a. A reinsurance program is created in the insurance
2 6 division of the department of commerce to administer the fund
2 7 and to make expenditures from the fund pursuant to this
2 8 section.
2 9 b. Moneys in the fund shall be used to reimburse a
2 10 qualified carrier that offers a small business group health
2 11 insurance plan or a school district group health insurance
2 12 plan in which at least eighty-five percent of the eligible
2 13 employees of the small business or the school district
2 14 participate, for certain claims paid by the qualified carrier.
2 15 The amount of reimbursement shall be fifty percent of the cost
2 16 of each claim that amounts to at least twenty-five thousand
2 17 dollars but not more than one hundred thousand dollars and

2 18 that is paid by a qualified carrier under such a plan in a
2 19 year.

2 20 c. The commissioner shall submit an annual report not
2 21 later than January 1 to the governor, the general assembly,
2 22 and the legislative services agency evaluating the fund and
2 23 reinsurance program, including but not limited to
2 24 consideration of the factors contained in subsection 5,
2 25 paragraph "b", summarizing the status of the fund and
2 26 reinsurance program, and proposing modifications to or
2 27 suspension of the operation of the fund and reinsurance
2 28 program as deemed necessary by the commissioner.

2 29 4. QUALIFIED CARRIERS.

2 30 a. In order to qualify for participation in the
2 31 reinsurance program for the first time, a carrier shall
2 32 certify to the commissioner that the carrier will immediately
2 33 reduce its base premium rates or otherwise demonstrate to the
2 34 commissioner that the carrier will immediately effectively
2 35 reduce premiums, according to accepted actuarial guidelines
3 1 adopted by the commissioner by rule under chapter 17A, for all
3 2 small business group health insurance plans or school district
3 3 group health insurance plans offered by the carrier for the
3 4 plan benefit year in an amount that reflects the estimated
3 5 reimbursement the carrier will receive from participating in
3 6 the reinsurance program during that plan benefit year, as
3 7 determined by the commissioner according to accepted actuarial
3 8 guidelines adopted by rule under chapter 17A.

3 9 b. In order to qualify for continued participation in the
3 10 reinsurance program, a carrier shall certify to the
3 11 commissioner that for the plan benefit year for which
3 12 reimbursement from the fund is claimed, the carrier reduced
3 13 its base premium rates or otherwise demonstrate to the
3 14 commissioner that the carrier effectively reduced premiums,
3 15 according to accepted actuarial guidelines adopted by the
3 16 commissioner by rule under chapter 17A, for all small business
3 17 group health insurance plans or school district group health
3 18 insurance plans offered by the carrier for that plan benefit
3 19 year.

3 20 c. A qualified carrier may claim reimbursement from the
3 21 fund for the cost of eligible claims annually, by filing, with
3 22 the commissioner, a claim in a form prescribed by the
3 23 commissioner by rule.

3 24 5. MONITORING AND EVALUATION.

3 25 a. The commissioner shall develop and implement criteria
3 26 to monitor and evaluate the fund and reinsurance program on an
3 27 ongoing basis and may make recommendations to the general
3 28 assembly, including proposed modifications to or suspension of
3 29 the operation of the fund and reinsurance program.

3 30 b. In monitoring and evaluating the reinsurance program,
3 31 the commissioner shall consider such factors as the population
3 32 whose claims are being reimbursed by the reinsurance program,
3 33 the number and percentage of qualified carriers electing to
3 34 utilize the reinsurance program, health care reform measures
3 35 implemented in the state, premium costs of small business
4 1 group health insurance or school district group health
4 2 insurance plans offered by qualified carriers that participate
4 3 in the reinsurance program compared to carriers that do not,
4 4 and other factors deemed relevant by the commissioner.

4 5 Sec. 2. APPROPRIATION. There is appropriated annually
4 6 from the healthy Iowans tobacco trust created in section 12.65
4 7 to the insurance division of the department of commerce the
4 8 sum of thirty million dollars for the purpose of establishing
4 9 the small business and school district health care reinsurance
4 10 program and fund. Notwithstanding section 12C.7, subsection
4 11 2, interest or earnings on moneys deposited in the fund shall
4 12 be credited to the fund. Notwithstanding section 8.33, moneys
4 13 credited to the fund shall not revert to the general fund of
4 14 the state at the close of a fiscal year.

4 15 EXPLANATION

4 16 This bill creates a small business and school district
4 17 health care reinsurance program for health care claims made
4 18 under small business or school district group health insurance
4 19 plans.

4 20 The bill provides reimbursement of certain claims paid by
4 21 qualified insurance carriers under group health insurance
4 22 plans that provide health insurance to a small business, which
4 23 employs two to 25 full-time equivalent employees, or to a
4 24 school district.

4 25 The reinsurance fund is created as a separate fund in the
4 26 state treasury under the control of the commissioner of
4 27 insurance. An appropriation of \$30 million is made annually
4 28 from the healthy Iowans tobacco trust of the state to the

4 29 insurance division of the department of commerce for the
4 30 purpose of establishing the reinsurance program and fund.

4 31 The reinsurance program is created in the insurance
4 32 division of the department of commerce to administer the
4 33 reinsurance fund and to make expenditures from the fund.

4 34 The reinsurance program is required to reimburse a
4 35 qualified carrier that offers a small business or school
5 1 district group health insurance plan, in which at least 85
5 2 percent of the eligible employees of the small business or the
5 3 school district participate, for certain claims paid. The
5 4 reimbursement amount is 50 percent of the cost of each claim,
5 5 of at least \$25,000 but not more than \$100,000, which is paid
5 6 by a qualified carrier under such a plan each year.

5 7 For the purposes of the bill, a "qualified carrier" means a
5 8 carrier under Code section 513B.2, which is an entity subject
5 9 to the insurance laws and regulations of this state, or
5 10 subject to the jurisdiction of the commissioner, that
5 11 contracts or offers to contract to provide, deliver, arrange
5 12 for, pay for, or reimburse any of the costs of health care
5 13 services, including an insurance company offering sickness and
5 14 accident plans, a health maintenance organization, a nonprofit
5 15 health service corporation, or any other entity providing a
5 16 plan of health insurance, health benefits, or health services,
5 17 or means a self-insurance plan for accident and health
5 18 insurance for a school corporation as provided in section
5 19 509A.14, that meets the requirements of the bill.

5 20 In order to qualify for participation in the reinsurance
5 21 program for the first time, a carrier is required to certify
5 22 to the commissioner that the carrier will immediately reduce
5 23 its base premium rates or otherwise demonstrate to the
5 24 commissioner that the carrier will immediately effectively
5 25 reduce premiums, according to accepted actuarial guidelines
5 26 adopted by the commissioner by rule under Code chapter 17A,
5 27 for all small business or school district group health
5 28 insurance plans offered by the carrier for the plan benefit
5 29 year in an amount that reflects the estimated reimbursement
5 30 the carrier will receive from participating in the reinsurance
5 31 program during that plan benefit year, as determined by the
5 32 commissioner according to accepted actuarial guidelines
5 33 adopted by rule under Code chapter 17A.

5 34 In order to qualify for continued participation in the
5 35 reinsurance program, a carrier shall certify to the
6 1 commissioner that for the plan benefit year for which
6 2 reimbursement from the fund is claimed, the carrier reduced
6 3 its base premium rates or otherwise demonstrate to the
6 4 commissioner that the carrier effectively reduced premiums,
6 5 according to accepted actuarial guidelines adopted by the
6 6 commissioner by rule under Code chapter 17A, for all small
6 7 business or school district group health insurance plans
6 8 offered by the carrier for that plan benefit year.

6 9 The commissioner is required to develop and implement
6 10 criteria to monitor and evaluate the reinsurance program and
6 11 may make recommendations to the general assembly, including
6 12 proposed modifications to or suspension of the operation of
6 13 the reinsurance fund and program. The criteria shall include
6 14 consideration of factors such as the population whose claims
6 15 are being reimbursed by the program, the number and percentage
6 16 of qualified carriers electing to utilize the program, health
6 17 care reform measures implemented in the state, premium costs
6 18 of small business or school district group health insurance
6 19 plans offered by qualified carriers that participate in the
6 20 program compared to carriers that do not, and other factors
6 21 deemed relevant by the commissioner.

6 22 The commissioner is required to submit an annual report by
6 23 January 1 to the governor, general assembly, and legislative
6 24 services agency evaluating the reinsurance fund and program,
6 25 including but not limited to consideration of the factors
6 26 involved in developing and implementing the reinsurance
6 27 program and fund, summarizing the status of the program and
6 28 fund, and proposing modifications to or suspension of the
6 29 operation of the fund and program as deemed necessary by the
6 30 commissioner.

6 31 LSB 5786XL 81

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